

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking Regarding  
Policies, Procedures and Rules for  
Development of Distribution Resources  
Plans Pursuant to Public Utilities Code  
Section 769.

Rulemaking 14-08-013  
(Filed August 14, 2014)

**JOINT COMMENTS OF BEAR VALLEY ELECTRIC SERVICE (U 913 E),  
A DIVISION OF GOLDEN STATE WATER COMPANY, LIBERTY UTILITIES  
(CALPECO ELECTRIC) LLC (U 933 E), AND PACIFICORP (U 901 E) ON THE  
ORDER INSTITUTING RULEMAKING**

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ORDER INSTITUTING RULEMAKING**

Pursuant to Rule 6.2 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans (“OIR”), Bear Valley Electric Service (U 913 E), a division of Golden State Water Company (“BVES”), Liberty Utilities (CalPeco Electric) LLC (U 933 E) (“Liberty Utilities”), and PacificCorp d/b/a Pacific Power (U 901 E) (collectively, the California Association of Small and Multijurisdictional Utilities or “CASMU”) submit these opening comments on the OIR.<sup>1</sup>

CASMU is concerned that the specific questions the OIR raises regarding the guiding principles for the development of utility Distribution Resources Plans (“DRPs”) indicate a vision for electric distribution system planning, design and operations, with heavy reliance on near real-time information, that CASMU members do not currently have in place and, more importantly, will not achieve in the near future. As described below, CASMU members are not at the same stage or as well-resourced as the large investor-owned utilities (“Large IOUs”) when it comes to distribution resources planning. Accordingly, CASMU members are unable to cost-effectively

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<sup>1</sup> Pursuant to Rule 1.8(d), Liberty Utilities has been authorized to file these comments on the OIR on behalf of BVES and PacificCorp.

provide the analysis and planning the Commission appears poised to require of all utilities based on the questions in the OIR.

The specific questions raised in the OIR are ill-suited to gather useful information regarding CASMU operations. Similarly, the *More than Smart* paper does not reflect the current or a likely future reality for CASMU members. Accordingly, rather than respond to the questions in the OIR or comment on the *More than Smart* paper, CASMU's comments on the OIR are focused on providing the Commission with context as to the significant differences between CASMU members and the Large IOUs.

The Commission should consider these differences in helping guide the development of simplified DRPs for CASMU members. Given the realities of the looming statutory deadline, the Commission should consider bifurcating the proceeding and creating a separate track focused solely on CASMU members that runs in parallel with a track focused solely on the Large IOUs.

**I. THE COMMISSION SHOULD RECOGNIZE CASMU MEMBERS ARE DIFFERENT FROM LARGE IOUs AND ANY DRP REQUIREMENTS SHOULD CONSIDER THESE DIFFERENCES**

All utilities, including CASMU members, must submit a “distribution resources plan proposal to identify optimal locations for the deployment of distributed resources” pursuant to Public Utilities Code §769. However, the Commission should recognize the major differences between CASMU members and the Large IOUs in any rules, guidelines or policies developed through this rulemaking so as to allow flexibility for CASMU members submitting DRPs best suited to their unique circumstances. Specifically, in recognition of the small size and limited resources of CASMU members, the nature of CASMU member operations, and the limited demand for distributed resources into CASMU members' distribution systems, the Commission should take a different approach with regard to CASMU members in this rulemaking relative to

the Large IOUs. Specifically, the Commission should allow CASMU members to submit simplified DRPs.

The Commission has routinely found that “the small size of [CASMU members] and the nature of their operations” make it inappropriate and burdensome for the Commission to impose certain requirements on CASMU members or require that the Commission allow CASMU members to take a more limited approach than that required for the Large IOUs.<sup>2</sup> The Commission has noted that imposing certain planning requirements on CASMU members “would only impose costs and inefficiencies on these small IOUs while producing no benefits.”<sup>3</sup> Similarly, the Commission has recognized that CASMU members may be at different stages than the Large IOUs with regard to infrastructure deployment or other initiatives and so meeting certain standards “could be overly burdensome on [a CASMU member’s] small ratepayer base.”<sup>4</sup>

Here too, the Commission should consider the unique characteristics of the CASMU members that do not lend themselves to taking a one-size-fits-all approach to distribution planning, particularly as it relates to distributed resources planning for all IOUs. First, each CASMU member has less than 50,000 customers that are geographically-dispersed. PacifiCorp only has approximately 3.5 customers per square mile, Liberty Utilities has approximately 33 customers per square mile, and while BVES has approximately 299 customers per square mile, about 60% of these are on rates indicating they are part time residences, which reduces the effective density to 120 customers per square mile. The focus of the Large IOUs’ distributed

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<sup>2</sup> See, e.g., Decision 09-12-046, at 2 (exempting CASMU members from certain smart grid-related requirements).

<sup>3</sup> Decision 09-12-046, at 27; *see also* Decision 08-05-028 (granting CASMU members the ability to file less complex annual procurement plans or to use the integrated resource plans they file in other states).

<sup>4</sup> Decision 09-12-046, at 50; *see also* Decision 04-02-044 and Decision 03-07-011 (decisions granting Sierra Pacific Power Company, now Liberty Utilities, and PacifiCorp, an exemption from filing long-term procurement plans).

resources planning will likely not be in areas with such small customer density or such unpredictable customer usages as results from part time usage.

Second, CASMU members are winter-peaking utilities in rural and/or mountainous regions of the state. However, the Commission and parties will likely be focused on providing guidelines for distributed resources planning in large urban centers that are summer-peaking.

Third, PacifiCorp and Liberty Utilities are both outside of the California Independent System Operator (“CAISO”) balancing authority. While BVES operates inside the CAISO, it is a distribution customer of a larger utility. However, the Commission and parties will primarily be focused on the effects of distributed resources planning within the CAISO.

Fourth, none of the CASMU members have implemented near real-time data acquisition systems in their service territories. These are supported by either SCADA or Advanced Metering Infrastructure. While CASMU members have a certain penetration of SCADA, they have neither full-system coverage nor any Advanced Metering Infrastructure systems. In fact, CASMU members have been excused by prior Commission decisions and rulings from the Smart Grid-related requirements of the Energy Information and Security Act of 2007 and Senate Bill 17.<sup>5</sup> Accordingly, CASMU members are unable to provide or utilize real-time consumption data that would allow minute by minute monitoring of customer loads and resources. The Commission and parties will primarily be starting from the assumption that distribution resources planning by the Large IOUs will have real-time consumption data available.

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<sup>5</sup> See D.09-07-039 excusing BVES, Liberty Utilities’ successor, Sierra Pacific Power Company, and PacifiCorp from participation in R.08-12-009; *see also Assigned Commissioner’s Ruling Granting Motion by Bear Valley Electric Service, a Division of Golden State Water Company (U 913 E) for Dismissal from R.08-12-009*, filed Feb. 26, 2010, available at <http://docs.cpuc.ca.gov/EFILE/RULINGS/114193.pdf>; *Assigned Commissioner’s Ruling Granting Motion by PacifiCorp (U 901-E) for Exemption from SB 17 and Dismissal from Further Obligations under This Proceeding*, filed Feb. 26, 2010; available at <http://www.cpuc.ca.gov/EFILE/RULINGS/114195.pdf>; *Assigned Commissioner’s Ruling Granting Motion by Sierra Pacific Power Company (U-903-E) for Dismissal from Rulemaking 08-12-009 Pursuant to Decision 09-12-046*, filed Feb. 26, 2010, available at <http://docs.cpuc.ca.gov/EFILE/RULINGS/114200.pdf>.

Finally, distribution planning is conducted by significantly smaller staffs for some of the CASMU members than at the Large IOUs. For example, BVES currently has less than 50 employees and approximately 23,000 customers. Compared to Southern California Edison Company's ("SCE") 4.97 million customers and 13,599 employees,<sup>6</sup> BVES has less than 0.4% of the workforce to meet any DRP-related requirements and 0.5% of the customer base from which to recover administrative costs when compared to SCE.

Furthermore, the distribution planning that is conducted by all CASMU members is done for fewer customers than the Large IOUs and is not complicated by the demands of a significant number of customers desiring distribution resources integration. The demands of the Commission and intervenors for more complex distribution resources planning that are potentially appropriate for the Large IOUs, would likely not be relevant and could overwhelm the capacity of the CASMU member distribution planning staff and significantly impact CASMU member customers.

As can be seen, CASMU members are very differently situated than the Large IOUs when it comes to developing a DRP. Accordingly, while Public Utilities Code §769 requires that all utilities, including CASMU members, provide a DRP, it does not require that all utilities must provide the same level or complexity of information in the DRP. This is particularly true given the language in §769(d) which provides that cost recovery will only be authorized to the extent "ratepayers would realize net benefits and the associated costs are just and reasonable." To ensure net benefits for the CASMU members' customers, any DRP requirements must be reasonably tailored to reflect the unique characteristics of CASMU members.

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<sup>6</sup> These numbers are based on SCE's 2013 Financial & Statistical Report, available at [http://www.edison.com/content/dam/eix/documents/investors/sec-filings-financials/2013\\_Financial%26Statistical\\_Report.pdf](http://www.edison.com/content/dam/eix/documents/investors/sec-filings-financials/2013_Financial%26Statistical_Report.pdf).

For all of the reasons described above, the Commission should allow CASMU members to submit a simpler DRP than the Large IOUs that recognize CASMU members' unique situations and limitations.

## **II. THE COMMISSION SHOULD DEVELOP GUIDELINES FOR SIMPLER DRPs FROM CASMU MEMBERS ON A SEPARATE TRACK**

Normally where the Commission develops specific guidelines for CASMU members on a separate track than for the Large IOUs, the Commission begins the CASMU track after completion of the Large IOU track. This approach allows the Commission and CASMU members to benefit from the significant work and analysis conducted in developing the guidelines for the Large IOUs, and to ensure coordination between the tracks.

However, here, given the impending statutory deadline of July 1, 2015, it will likely be impossible to conduct the tracks back to back within the necessary timeframe. Given the need to simplify the guidelines for developing DRPs for CASMU members, CASMU requests that the Commission conducts the development and evaluation of DRPs for CASMU members on a separate track from the Large IOUs.

The focus of the vast majority of the parties and the Commission staff will be on the more complicated and sophisticated DRPs for the Large IOUs. Thus, the need to concurrently adapt and simplify any guidelines for the development of the DRPs for CASMU members will be an unnecessary distraction. Accordingly, to enhance the efficiency and effectiveness of the proceeding, CASMU members suggest that the Commission conduct this work on two separate tracks.

As an immediate measure, CASMU requests that either (i) the September 17, 2014 Energy Division workshop be divided into two parts, with the first part of the workshop focused on the Large IOUs and the second part of workshop focused on CASMU members, or (ii) the September 17 workshop be focused entirely and solely on the Large IOUs with a second

workshop scheduled for a slightly later date focused entirely and solely on CASMU members. Similarly, either (i) the Staff Proposal could have two separate parts, or (ii) two separate Staff Proposals could be developed, and similar separation should occur throughout the schedule provided in the OIR.

### **III. CONCLUSION**

A one-size-fits-all approach to distribution resources planning is inappropriate given the significant differences between CASMU members and the Large IOUs. The Commission should allow CASMU members to submit simpler DRPs than the Large IOUs. In order to determine what a simpler DRP will entail, the Commission should create a separate track to help determine the appropriate guidelines for CASMU members to develop their DRPs.

Respectfully submitted,

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